



February 12, 2020

Regina Gaebel
Argonaut Insurance Company
225 W. Washington Street, 24th Floor
Chicago, IL 60606

VIA EMAIL & US CERTIFIED MAIL, RETURN RECIEPT REQUESTED

Re: CLAIM AGAINST BOND SUR0037563-00 (the “Bond”)
Principal: United Structures of America, Inc. (“USA”)
Obligee: LeChase Construction Services, LLC (“LeChase”)
Surety: Argonaut Insurance Company (“Argo”)
Claim Number: SUR-0000228

Dear Ms. Gaebel:

I am writing in connection with the above-referenced matter. LeChase issued two letters, dated November 1, 2019 and November 26, 2019, respectively, regarding both LeChase and one of its separate subcontractors, Enerfab’s, claims to Argo for costs incurred due to USA’s issues on the Cricket Valley project (the “Project”). When we last spoke, Argo requested various backup items to the claims submitted by LeChase against Argo and USA, which is submitted with this letter. LeChase continues to reserve the right to amend or supplement this bond claim based on any additional defaults of the agreement by USA.

As a result of USA’s default on its agreement with LeChase, LeChase submitted an initial claim against the Bond for \$431,421.68 plus interest and attorneys’ fees. LeChase later supplemented its claim against the Bond in the amount of \$1,800,791.00 plus interest and attorneys’ fees, for costs incurred by Enerfab, thereby making the total claim \$2,232,212.68, plus interest and attorneys’ fees.

As requested, enclosed please find additional back-up for the data contained in the spreadsheets previously provided by LeChase. LeChase’s costs underlying its Bond claim of \$431,421.68 are tied to two (2) change orders.

Change Order 18

The first – Change Order 18 (“CO18”) – contains certain additional labor costs attributable to the significant increase in the amount of time required by LeChase field management staff to manage fabrication errors, incomplete or inaccurate deliveries, and other problems with orders, materials, and related safety issues caused by USA. This includes identifying the issue, coordinating solutions, and managing the remedy. **These issues, and LeChase’s costs, were exacerbated by USA’s refusal to come to the jobsite and manage these issues itself.**

As is customary, LeChase had assigned one (1) superintendent to the Project to handle all the typical duties and responsibilities of a superintendent on a project such as this. However, due to



the number of issues stemming from USA's scope, LeChase was compelled to assign a second superintendent to the Project. The additional superintendent, Zachary Towner, spent the entirety of his time from July 2018 through February 2019 on the Project dedicated solely to managing all the challenges and complications generated by USA's shipping problems and fabrication errors. The increased time required by Mr. Towner was compounded by USA's refusal to come on site to assist with remedying the myriad issues caused by their fabrication errors, which lead to even more confusion and delays. The magnitude of these errors and the time spent by LeChase identifying and correcting them given USA's refusal to come on site can be gleaned from the voluminous correspondence included in Attachment E.

In addition, because USA refused to come on site, LeChase did not generate T&M tickets for this work because there was no one from USA to sign and authenticate the time spent by Mr. Towner. Instead of T&M tickets, however, Mr. Towner billed his time to separate phase codes so the additional costs could be closely tracked. As backup for the spreadsheet already provided, a payroll report showing Mr. Towner's time and the cost of such time is attached to Attachment B. Mr. Towner's agreed upon rate for the Project was \$135/hour per Exhibit C of LeChase's contract with the Owner, which is included in Attachment A. Please note LeChase is not charging USA for all of Mr. Towner's time, only the hours incurred addressing USA's issues, which are detailed in the summary spreadsheet.

Change Order 19

The second change order – Change Order 19 (“CO19”) – contains separate and distinct labor costs of certain field foreman and other staff required to execute necessary changes. These changes were required so that Enerfab could perform its corrective work to address USA's problems and errors. This time is comprised of hours personnel had to spend on preparation work and site supervision for each corresponding change described in the PDF summary spreadsheet of LeChase's backcharges (included in Attachment B), which correlate to Enerfab's T&M tickets that said work was necessary. However, as stated above, because USA did not come on site to manage its errors, LeChase did not create T&M tickets for USA to sign. Instead, LeChase's time for this additional work and added costs were billed to distinct phase codes so the additional costs could be closely tracked.

The PDF of the summary spreadsheet provided in Attachment B is a contemporaneous log of the additional hours spent due to issues caused by USA. The log was kept regularly by myself using my personal onsite observations and discussions with LeChase personnel in the field as well as concurrent documentation provided by Enerfab.

As further backup and substantiation for the additional hours included in CO19, please see the daily reports, attached to Attachment C, which provide a summary of what was done each day and what entities were on site performing the work.

With regard to the backup for Enerfab's claim, the following documents have been provided within Attachment D:



- All T&M sheets supporting Enerfab's summary spreadsheet. The T&M sheets are organized in accordance with the spreadsheet for ease of use; and
- Emails supporting the T&M sheets.

LeChase trusts that this submission satisfies Argo's request for additional documents. Please let me know if there is anything else Argo requires as backup to the submitted claims, or if any additional explanation of the above is required.

Sincerely,

Don Beckley

Don Beckley
Project Manager